



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
-----------------	-------------	----------------------	---------------------	------------------

10/032,653

11/13/2001

Joseph P. Blauvelt

36287-01401

6910

27730 7590 06/22/2010

DILWORTH PAXSON LLP
1500 Market Street
Suite 3500 E
PHILADELPHIA, PA 19102

EXAMINER

LIVERSEDGE, JENNIFER L

ART UNIT

PAPER NUMBER

3684

MAIL DATE

DELIVERY MODE

06/22/2010

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/032,653	Applicant(s) BLAUVELT ET AL.	
	Examiner JENNIFER LIVERSEDGE	Art Unit 3684	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 12 February 2010.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Response to Amendment

This Office Action is responsive to Applicant's amendment and request for reconsideration of application 10/032,653 filed on February 12, 2010.

The amendment contains original claims: 2-7.

The amendment contains amended claims: 1, 8-14, 18, 20.

The amendment contains previously presented claims: 15-17, 19.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1, 8 and 11-14 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It is unclear what is meant by "in compliance of a membership".

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 12-13 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is

Art Unit: 3684

that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In re Bilski et al, 88 USPQ 2d 1385 CAFC (2008); Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a particular machine.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al-

http://iplaw.bna.com/iplw/5000/split_display.adp?fedfid=10988734&vname=ippqcases2&wsn=500826000&searchid=6198805&doctypeid=1&type=court&mode=doc&split=0&scm=5000&pg=0.

The 101 rejections for the other independent claims are withdrawn based on amendments and/or additional consideration. However, claims 12 and 13 remain rejected under 101 as the reference to a processor implemented method with only a nominal reference to what the processor does within the method steps fails to overcome the 101 rejection. For example, in claims 12 and 13, there is recited a computer-implemented method. But then a processor merely is used for identifying at least two member short and long positions. From there, the method could be carried out by a person. Unless the identifying of at least two member short and long positions is considered the novel concept of the present invention, then this represents insignificant extra solution activity and fails to meet the requirements of 101.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-2, 4, 7-10, 12-13 and 20 rejected under 35 U.S.C. 103(a) as being unpatentable over Pub. No. US 2001/0037284 A1 to Finkelstein et al. (further referred to as Finkelstein), in view of US Patent 7,454,378 B1 to White, Jr. (further referred to as White), and further in view of US Patent 7,599,879 B2 to Louie et al. (further referred to as Louie).

Regarding claim 1, Finkelstein discloses a method for automatically identifying a counter party position, the method comprising:

Receiving at a first terminal at least two member opposite positions (paragraphs 2-4, 40, 45, 83);

Identifying via a processor at the first terminal a selected position from the at least two member opposite positions, the selected opposite positions identified by parameters associated with the positions (paragraphs 40, 44-47, 49, 56, 82, 89); and

Executing the transaction between the selected member positions in compliance of a membership (paragraphs 40, 64, 68, 83, 94, 109).

Finkelstein does not disclose where the positions are related to short and long positions. However, White discloses an automated exchange method for short and long positions (column 8, lines 38-39; column 10, lines 9-11 and lines 46-48; column 11, lines 1-6). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the automated trading system as disclosed by Finkelstein to adapt the exchange of short and long positions as disclosed by White. The motivation would be that both opposite positions such as buys and sells and repos and reverse repos,

Art Unit: 3684

etc. as disclosed by Finkelstein and shorts and longs can all be traded by the automated exchange systems as disclosed by both Finkelstein and White. The steps of receiving positions to be traded, matching the positions by way of filtering and using various user and system designed rules, and then executing the trade are disclosed by both Finkelstein and White and either system could accommodate the various products as are traded on a daily basis.

Neither Finkelstein nor White disclose wherein the transaction includes system-facilitated lending and borrowing on a pro-rata basis. However, Louie discloses system-facilitated lending and borrowing on a pro-rata basis (column 2, lines 60-66; column 3, lines 10-37; column 4, lines 41-47).

This known technique is applicable to the system of Finkelstein and White as they each share characteristics and capabilities, namely, they are each directed to conducting financial transactions. One of ordinary skill in the art would have recognized that applying the known technique of Louie would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Louie to the teachings of Finkelstein and White would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate pro-rata lending and borrowing into similar systems. Further, including pro-rata lending and borrowing with the trading systems of Finkelstein and White would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide increased means of

Art Unit: 3684

facilitating transactions by expanding the servicing capabilities of the central systems of each reference.

Regarding claim 2, Finkelstein discloses a method further comprising filtering the positions according to filter parameters (paragraphs 27, 33-34, 38, 44, 47, 49, 56, 81-82, 89, 91-92, 108). The same art and rationale as applied to claim 1 applies to claim 2 with respect to the positions being for long and shorts.

Regarding claim 4, Finkelstein discloses a method wherein the filter parameter is a member identity (paragraphs 27, 38, 44, 47, 56, 81, 92).

Regarding claim 7, Finkelstein discloses a method wherein the at least two positions include positions in different securities (paragraphs 2-5, 45, 47, 57). The same art and rationale as applied to claim 1 applies to claim 7 with respect to the positions being for long and shorts.

Regarding claims 8-10, Finkelstein discloses a computer executable software code, a computer-readable medium containing executable software code and a programmed computer with a memory and processor for following the method as specified in claim 1 (paragraphs 100-107).

Art Unit: 3684

Regarding claim 12, Finkelstein discloses a processor-implemented method for automatically identifying a counter party position, the method comprising:

Identifying via a processor at least two member positions (paragraphs 2-4, 40, 45, 83);

Sending information on the at least two member positions to a first terminal (paragraphs 2-4, 40, 45, 83);

Receiving information of the identified positions from the first terminal to allow a transaction between a selected opposite positions, wherein the positions are identified from parameters associated with the positions (paragraphs 40, 44-47, 49, 56, 82, 89), and information on the at least two member positions are sent to the first terminal (paragraphs 2-4, 40, 45, 83).

Executing the transaction between the selected member positions in compliance with a membership (paragraphs 40, 64, 68, 83, 94, 109).

Finkelstein does not disclose where the positions are related to short and long positions. However, White discloses an automated exchange method for short and long positions (column 8, lines 38-39; column 10, lines 9-11 and lines 46-48; column 11, lines 1-6). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the automated trading system as disclosed by Finkelstein to adapt the exchange of short and long positions as disclosed by White. The motivation would be that both opposite positions such as buys and sells and repos and reverse repos, etc. as disclosed by Finkelstein and shorts and longs can all be traded by the automated exchange systems as disclosed by both Finkelstein and White. The steps of

Art Unit: 3684

receiving positions to be traded, matching the positions by way of filtering and using various user and system designed rules, and then executing the trade are disclosed by both Finkelstein and White and either system could accommodate the various products as are traded on a daily basis.

Neither Finkelstein nor White disclose wherein the transaction includes system-facilitated lending and borrowing on a pro-rata basis. However, Louie discloses system-facilitated lending and borrowing on a pro-rata basis (column 2, lines 60-66; column 3, lines 10-37; column 4, lines 41-47).

This known technique is applicable to the system of Finkelstein and White as they each share characteristics and capabilities, namely, they are each directed to conducting financial transactions. One of ordinary skill in the art would have recognized that applying the known technique of Louie would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Louie to the teachings of Finkelstein and White would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate pro-rata lending and borrowing into similar systems. Further, including pro-rata lending and borrowing with the trading systems of Finkelstein and White would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide increased means of facilitating transactions by expanding the servicing capabilities of the central systems of each reference.

Regarding claim 13, Finkelstein discloses a processor-implemented method for automatically identifying a counter party position, the method comprising:

Identifying via a processor at least two member positions (paragraphs 2-4, 40, 45, 83);

Sending information on the at least two long positions to a first terminal (paragraphs 2-4, 40, 45, 83);

Receiving information of the identified positions from the first terminal to allow a transaction between a selected opposite positions, wherein the positions are identified from parameters associated with the positions (paragraphs 40, 44-47, 49, 56, 82, 89), and information on the at least two member positions are sent to the first terminal (paragraphs 2-4, 40, 45, 83); and

Executing the transaction between the selected positions in compliance with a membership (paragraphs 40, 64, 68, 83, 94, 109).

Finkelstein does not disclose where the positions are related to short and long positions. However, White discloses an automated exchange method for short and long positions (column 8, lines 38-39; column 10, lines 9-11 and lines 46-48; column 11, lines 1-6). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the automated trading system as disclosed by Finkelstein to adapt the exchange of short and long positions as disclosed by White. The motivation would be that both opposite positions such as buys and sells and repos and reverse repos, etc. as disclosed by Finkelstein and shorts and longs can all be traded by the

Art Unit: 3684

automated exchange systems as disclosed by both Finkelstein and White. The steps of receiving positions to be traded, matching the positions by way of filtering and using various user and system designed rules, and then executing the trade are disclosed by both Finkelstein and White and either system could accommodate the various products as are traded on a daily basis.

Neither Finkelstein nor White disclose wherein the transaction includes system-facilitated lending and borrowing on a pro-rata basis. However, Louie discloses system-facilitated lending and borrowing on a pro-rata basis (column 2, lines 60-66; column 3, lines 10-37; column 4, lines 41-47).

This known technique is applicable to the system of Finkelstein and White as they each share characteristics and capabilities, namely, they are each directed to conducting financial transactions. One of ordinary skill in the art would have recognized that applying the known technique of Louie would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Louie to the teachings of Finkelstein and White would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate pro-rata lending and borrowing into similar systems. Further, including pro-rata lending and borrowing with the trading systems of Finkelstein and White would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide increased means of facilitating transactions by expanding the servicing capabilities of the central systems of each reference.

Regarding claim 20, Finkelstein discloses wherein the first terminal acts as a third party participant and provides anonymity of members (paragraphs 80, 83, 109).

Claims 5, 14-15 and 17-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Finkelstein and White, in view of US Patent No. 7,231,363 B1 to Hughes et al. (further referred to as Hughes), and further in view of Louie.

Regarding claim 14, Finkelstein discloses a processor-implemented method for automatically identifying a counter party position, the method comprising:

Receiving at a first terminal at least two member opposite positions (paragraphs 2-4, 40, 45, 83);

Identifying via a processor at the first terminal a selected position from the at least two member opposite positions, the selected opposite positions identified by parameters associated with the positions (paragraphs 40, 44-47, 49, 56, 82, 89) and

Executing the transaction between the selected member positions in compliance with a membership (paragraphs 40, 64, 68, 83, 94, 109).

Finkelstein does not disclose where the positions are related to short and long positions. However, White discloses an automated exchange method for short and long positions (column 8, lines 38-39; column 10, lines 9-11 and lines 46-48; column 11, lines 1-6). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the automated trading system as disclosed by Finkelstein to adapt

Art Unit: 3684

the exchange of short and long positions as disclosed by White. The motivation would be that both opposite positions such as buys and sells and repos and reverse repos, etc. as disclosed by Finkelstein and shorts and longs can all be traded by the automated exchange systems as disclosed by both Finkelstein and White. The steps of receiving positions to be traded, matching the positions by way of filtering and using various user and system designed rules, and then executing the trade are disclosed by both Finkelstein and White and either system could accommodate the various products as are traded on a daily basis.

Neither Finkelstein nor White disclose an authorized third party agent to act as a counterparty to each of the short/long position party's on-side transactions. However, Hughes discloses an authorized third party agent to act as a counterparty to each of the short/long position party's on-side transactions (column 3, lines 23-29 and 44-47). It would be obvious to one of ordinary skill in the art to modify the trading system as disclosed by Finkelstein and White to adapt the use of an authorized third party agent to act as a counterparty as disclosed by Hughes. The motivation would be to create a more liquid market in which the third party agent, such as the agent operating the exchange systems of Finkelstein and White, facilitates trades as well as participates as a counterparty.

Neither Finkelstein, White nor Hughes disclose wherein the transaction includes system-facilitated lending and borrowing on a pro-rata basis. However, Louie discloses system-facilitated lending and borrowing on a pro-rata basis (column 2, lines 60-66; column 3, lines 10-37; column 4, lines 41-47).

This known technique is applicable to the system of Finkelstein, White and Hughes as they each share characteristics and capabilities, namely, they are each directed to conducting financial transactions. One of ordinary skill in the art would have recognized that applying the known technique of Louie would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Louie to the teachings of Finkelstein, White and Hughes would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate pro-rata lending and borrowing into similar systems. Further, including pro-rata lending and borrowing with the trading systems of Finkelstein, White and Hughes would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide increased means of facilitating transactions by expanding the servicing capabilities of the central systems of each reference.

Regarding claim 15, Finkelstein discloses a method further comprising filtering the at least two opposite positions according to filter parameters (paragraphs 27, 33-34, 38, 44, 47, 49, 56, 81-82, 89, 91-92, 108). The same art and rationale as applied to claim 14 applies to claim 15 with respect to the positions being for long and shorts.

Regarding claim 17, Finkelstein discloses a method wherein the filter parameter is a member identity (paragraphs 27, 38, 44, 47, 56, 81, 92).

Art Unit: 3684

Regarding claims 5 and 18, neither Finkelstein nor White specifically disclose a method wherein the filter parameter is a limit on the number of counter parties. However, Hughes discloses a method wherein the filter parameter is a limit on the number of counter parties (column 4, lines 27-29; column 5, lines 3-20; column 9, lines 47-55; column 10, lines 47-53). It would be obvious to one of ordinary skill in the art to modify the securities exchange system wherein selection is made using filtering as disclosed by Finkelstein and White to adapt the use of selection filtering by number of counterparties as disclosed by Hughes. The motivation would be that investors seek to control the number of counterparties to a manageable level and therefore would filter in order to eliminate the addition of counterparties outside a comfortable level. Finkelstein specifically discloses where an investor may or may not select a trade based on the counterparty exposure (paragraphs 56, 82) which does not specifically disclose the number of counter parties but certain does consider the identity of counterparties and the weight given to that information in making trading decisions based on counter party exposure.

Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Finkelstein, White and Louie as applied to claim 2 above, and further in view of US Patent 7,107,229 B1 to Sullivan (further referred to as Sullivan).

Regarding claim 3, Finkelstein does not specifically disclose a method wherein the filter parameter is a percentage. However, Sullivan discloses a method wherein the

Art Unit: 3684

filter parameter is a percentage (Figures 2-8 and 11; column 2, lines 9-25; column 4, lines 29-45; column 7, lines 12-16). It would be obvious to one of ordinary skill in the art to modify the securities exchange system wherein selection is made using filtering as disclosed by Finkelstein to adapt the use of selection filtering by percentage as disclosed by Sullivan. The motivation would be that investors seeking to maintain a particular mix of securities and/or performance level would desire to buy/sell securities which help meet and/or maintain an investors investment and performance objectives.

Claims 6 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Finkelstein, White, Louie and further in view of US Pub. No. 2002/0095362 A1 to Masand et al. (further referred to as Masand).

Regarding claim 6, the combination of Finkelstein and White discloses a method wherein identifying includes matching information associated with the at least two short positions and information associated with the at least two long positions (see claim 1 above). Finkelstein does not disclose where the information is CUSIP information. However, Masand discloses where the information is CUSIP information (page 4, paragraph 71; page 5, paragraph 77). It would be obvious to one of ordinary skill in the art to modify the matching system as disclosed by Finkelstein and White to adapt the use of CUSIP filters as disclosed by Masand. The motivation would be that CUSIP numbers indicate the identity of the issuer and the what kind of security it is and when matches are being constructed, issuers with which the individual does not want to trade

Art Unit: 3684

or certain types of securities that they do not want to purchase or sell could be entered in order to filter based on the parameters as described in the CUSIP number, or likewise the filtering can be done in order to present matches which the individual does wish to participate in.

Regarding claim 11, Finkelstein discloses a processor-implemented method for automatically identifying a counter party position, the method comprising:

Receiving at a first terminal at least two member opposite positions (paragraphs 2-4, 40, 45, 83);

Filtering the at least two opposite positions according to filter parameters (paragraphs 27, 33-34, 38, 44, 47, 49, 56, 81-82, 89, 91-92, 108);

Identifying via a processor at the first terminal a selected position from the at least two member positions, the selected positions identified by parameters associated with the positions (paragraphs 40, 44-47, 49, 56, 82, 89); and

Executing the transaction between the selected member positions in compliance of a membership (paragraphs 40, 64, 68, 83, 94, 109).

Finkelstein does not disclose where the positions are related to short and long positions. However, White discloses an automated exchange method for short and long positions (column 8, lines 38-39; column 10, lines 9-11 and lines 46-48; column 11, lines 1-6). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the automated trading system as disclosed by Finkelstein to adapt the exchange of short and long positions as disclosed by White. The motivation would

Art Unit: 3684

be that both opposite positions such as buys and sells and repos and reverse repos, etc. as disclosed by Finkelstein and shorts and longs can all be traded by the automated exchange systems as disclosed by both Finkelstein and White. The steps of receiving positions to be traded, matching the positions by way of filtering and using various user and system designed rules, and then executing the trade are disclosed by both Finkelstein and White and either system could accommodate the various products as are traded on a daily basis.

Neither Finkelstein nor White disclose wherein the transaction includes system-facilitated lending and borrowing on a pro-rata basis. However, Louie discloses system-facilitated lending and borrowing on a pro-rata basis (column 2, lines 60-66; column 3, lines 10-37; column 4, lines 41-47).

This known technique is applicable to the system of Finkelstein and White as they each share characteristics and capabilities, namely, they are each directed to conducting financial transactions. One of ordinary skill in the art would have recognized that applying the known technique of Louie would have yielded predictable results and resulted in an improved system. It would have been recognized that applying the technique of Louie to the teachings of Finkelstein and White would have yielded predictable results because the level of ordinary skill in the art demonstrated by the references applied shows the ability to incorporate pro-rata lending and borrowing into similar systems. Further, including pro-rata lending and borrowing with the trading systems of Finkelstein and White would have been recognized by those of ordinary skill in the art as resulting in an improved system that would provide increased means of

Art Unit: 3684

facilitating transactions by expanding the servicing capabilities of the central systems of each reference.

Neither Finkelstein, White nor Louie disclose where the identification is by CUSIP information. However, Masand discloses where the identification is by CUSIP information. It would be obvious to one of ordinary skill in the art to modify the matching system as disclosed by Finkelstein to adapt the use of CUSIP identifiers and filters as disclosed by Masand. The motivation would be that CUSIP numbers indicate the identity of the issuer and the what kind of security it is and when matches are being constructed, issuers with which the individual does not want to trade or certain types of securities that they do not want to purchase or sell could be entered in order to filter based on the parameters as described in the CUSIP number, or likewise the filtering can be done in order to present matches which the individual does wish to participate in.

Claim 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over Finkelstein, White, Hughes and Louie as applied to claim 15 above, and further in view of US Patent 7,107,229 B1 to Sullivan (further referred to as Sullivan).

Regarding claim 16, neither Finkelstein, White, Hughes nor Louie specifically disclose a method wherein the filter parameter is a percentage. However, Sullivan discloses a method wherein the filter parameter is a percentage (Figures 2-8 and 11; column 2, lines 9-25; column 4, lines 29-45; column 7, lines 12-16). It would be obvious to one of ordinary skill in the art to modify the securities exchange system wherein

Art Unit: 3684

selection is made using filtering as disclosed by Finkelstein, White, Hughes and Louie to adapt the use of selection filtering by percentage as disclosed by Sullivan. The motivation would be that investors seeking to maintain a particular mix of securities and/or performance level would desire to buy/sell securities which help meet and/or maintain an investors investment and performance objectives.

Claim 19 is rejected under 35 U.S.C. 103(a) as being unpatentable over Finkelstein, White, Hughes, Louie and further in view of US Pub. No. 2002/0095362 A1 to Masand et al. (further referred to as Masand).

Regarding claim 19, Finkelstein discloses a method wherein identifying includes matching information associated with the at least opposite positions (paragraphs 2-4, 40, 45, 64, 79). Neither Finkelstein, White, Hughes nor Louie disclose where the information is CUSIP information. However, Masand discloses where the information is CUSIP information (page 4, paragraph 71; page 5, paragraph 77). It would be obvious to one of ordinary skill in the art to modify the matching system as disclosed by Finkelstein, White, Hughes and Louie to adapt the use of CUSIP filters as disclosed by Masand. The motivation would be that CUSIP numbers indicate the identity of the issuer and the what kind of security it is and when matches are being constructed, issuers with which the individual does not want to trade or certain types of securities that they do not want to purchase or sell could be entered in order to filter based on the

Art Unit: 3684

parameters as described in the CUSIP number, or likewise the filtering can be done in order to present matches which the individual does wish to participate in.

Response to Arguments

Applicant argues that the newly added claim limitations related to pro-rata borrowing and lending are not disclosed by the prior art. This new limitation has been addressed in the office action above.

It is further argued that the prior art fails to disclose that selected short and long positions are identified. However, examiner respectfully disagrees and contends that the combination of Finkelstein and White disclose this limitation. Finkelstein discloses identifying opposite positions through a central automated exchange system to facilitate the exchange of instruments such as repos, reverse repos, securities lending transactions, etc. it is acknowledged that Finkelstein does not specifically disclose shorts and longs. However, White specifically discloses an automated exchange for short and long positions. The combination of Finkelstein and White would be obvious, as both are directed towards automatic exchange systems for trading various financial instruments. And one of ordinary skill in the art would expect predictable results from the combination of Finkelstein and White.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP

Art Unit: 3684

§ 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday - Friday, 8:30 AM - 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached at 571-272-6702. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should

Art Unit: 3684

you have questions on access to the Private PAIR system, contact the Electronic

Business Center (EBC) at 866-217-9197 (toll-free).

/Jennifer Liversedge/

Primary Examiner, Art Unit 3684